Comments of Vote Solar on Electric Utility Performance and Tracking Metrics

October 31, 2021

Vote Solar hereby submits these post workshop comments on Electric Utility Performance Metrics and Tracking Metrics.

Vote Solar is an independent 501(c)3 nonprofit working to repower the U.S. with clean energy by making solar power more accessible and affordable through effective policy advocacy. Vote Solar seeks to promote the development of solar at every scale, from distributed rooftop solar to large utility-scale plants. Vote Solar has over 80,000 members nationally, including over 3,400 members in Illinois. Vote Solar is not a trade group, nor does it have corporate members.

General Comments

Vote Solar highlights several important topics discussed during the workshops conducted over the past month pursuant to the Climate and Equitable Jobs Act, Public Act 102-0662.[1] During the workshop process, participants and stakeholders proposed numerous specific performance metrics. While we will discuss two specific metrics below (locational reliability/equity and interconnection), these comments focus on general issues with performance metrics and incentives design that we hope the utilities will keep in mind in proposing their performance incentive mechanisms and that the Commission consider when the utilities' applications are before it.

Vote Solar commends the staff of the Commission and the facilitator – the Rocky Mountain Institute – for their work organizing and conducting these workshops within the statutory time limits. We appreciate that the time allotted in the statute for conducting these workshops and preparing the subsequent report to the Commission was very short. Pursuant to the statute, at the conclusion of the workshops, the staff and/or facilitator will submit "a report to the Commission that identifies the participants in the process, the metrics proposed during the process, any material issues that remained unresolved at the conclusions of such process, and any recommendations for workshop process improvements."[2]

While the timeframe is short and the scope of the report is somewhat limited, we urge the staff and facilitator to clearly articulate the statutory PIMs goals and the policy principles discussed in the workshops.

Performance Metrics in the Context of Multi-Year Rate Plans

Under the new statute, utilities may elect to use either the multi-year rate plans (MYRPs) pursuant to Section 16-108.18(d) or to file traditional rate cases under Section 9-201. Utilities

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[1] 220 ILCS 5/16-108.18(e)(6)

[2] 220 ILCS 5/16-108.18(e)

that elect the MYRPs will file petitions seeking approval of their initial performance metrics by January 20, 2022. It is important that performance incentive mechanisms (PIMs) proposed by the utility or utilities that elect MYRPs should achieve the objectives outlined in Subsection (e)(1), which reads, in part:

> Building upon the State's goals to increase the procurement of electricity from renewable energy resources, including distributed generation and storage devices, the General Assembly finds that electric utilities should make cost-effective investments that support moving forward on Illinois' clean energy policies. It is therefore in the State's interest for the Commission to establish performance incentive mechanisms in order to better tie utility revenues to performance and customer benefits, accelerate progress on Illinois energy and other goals, ensure equity and affordability of rates for all customers, including low-income customers, and hold utilities publicly accountable.

As a general matter, Vote Solar strongly supports efforts to incorporate performance-based ratemaking (PBR) principles into the regulatory process, but when it is implemented as an add-on to other ratemaking structures, such as the framework established in statute, particular attention should be paid to ensuring that PIMs do not duplicate or undermine desirable incentives that are already addressed through traditional ratemaking framework. Put another way, the PIMS established in Section 16-108.18(e) should be complementary to the multi-year rate plans for those utilities that elect them.

When considering utility proposed PIMs, the Commission should approve PIMs focused on achieving outcomes that are difficult to address through traditional ratemaking tools. The PIMs should not compensate utilities for achieving baseline performance required under statute.

The Commission should also require tracking metrics that may be used in the future. Similarly, there is considerable value to the Commission and to stakeholders of consolidating and tracking metrics of interest in a single docket with accessible and easy to interpret dashboards for both the Commission and other stakeholders.

Design of Performance Metrics

Vote Solar believes that in order to maximize effectiveness, PIMs should be narrowly focused and consistent with the statute. That said individual PIMs could be comprised of more than a single metric. So, while some suggested metrics may not be used in a PIM initially, they should be measured, tracked and made available and accessible in the interests of transparency. Mindful of the burden imposed by collecting and reporting, the number of new metrics should be limited and, to the extent possible, should utilize existing reporting mechanisms.

Data Collection and Availability

In developing performance and tracking metrics, it is important to balance the value of measuring and reporting on a broad range of metrics against the cost of collecting and recording the underlying data. As has been pointed out by several commenters previously in the workshops, there is already a considerable amount of data reported by the utilities in other reports and dockets. That said, it would be valuable to the Commission to consolidate information available in different proceedings into a single dashboard, synchronizing when metrics are reported and providing a simple way to track performance over time.

Vote Solar believes strongly in maximizing the transparency of regulated entities. We encourage the Commission to approve a broad set of tracking metrics in this proceeding that can be used by both the Commission and stakeholders to evaluate utility performance. While

some stakeholders are able to navigate the complexities of utility reporting across dockets, it would be highly desirable to have a consolidated dashboard that displayed all key metrics, cross-referenced to source material (dockets and specific filings and where appropriate external benchmarks that have been referenced).

Discussion of Specific Metrics

During the workshop process many specific metrics were proposed by stakeholders. We concur with much of what was proposed and understand that ultimately, it will be the PIMs applications of the utility or utilities that elect to participate in the MYRP framework in which the details of the performance and tracking metrics will be proposed. We provide specific comments on two specific performance metrics categories.

Locational Reliability and Equity Metric

Section 16-108.18(e)(2)(C) provides that:

> Metrics related to reliability shall be implemented to ensure equitable benefits to environmental justice and equity investment eligible communities, as defined in this Act.[3]

One of the key principles underlying the Integrated Grid Planning and PBR frameworks introduced in CEJA is ensuring that the distribution grid serves all customers equitably. Vote Solar believes that there has not been a systematic approach to understanding to what extent or whether disadvantaged communities in Illinois have been disproportionately impacted by poor reliability, underinvestment in distribution systems, and/or other dimensions of distribution system performance such as hosting capacity or power quality. As such, we strongly support inclusion of locational reliability/equity metrics in developing the required reliability performance metric. Specifically, we recommend establishing a performance metric that measures locational equity and reliability using the US Census block group as the unit of analysis, aggregating individual customer premise data at the census block group level rather than based on grid topology.

We would point out that both DTE Electric in Michigan and Xcel Energy in Minnesota are developing metrics that address locational reliability and equity that could inform efforts here in Illinois. While both efforts are in development, they were most recently discussed by DTE in its *2021 Distribution Grid Plan*[4] and by Xcel Energy in an October 1, 2021 compliance filing in its 2019 Electric Service Quality Report docket.[5]

Interconnection Metrics

In the section of the statute that discusses the required interconnection performance metric, "timeliness" of interconnection is called out explicitly in the statute:

> Metrics designed around the utility's timeliness to customer requests for interconnection in key milestone areas, such as: initial response, supplemental review,

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[3] 220 ILCS 5/16-108.18(e)(2)(C)

[4] DTE Electric, *2021 Distribution Grid Plan Final Report*, September 30, 2021, Michigan Public Service Commission, Case No. U-20147.

[5] Xcel Energy, Compliance Filing, October 1, 2021, Minnesota Public Utilities Commission, Docket Nos E002/M-20-406, E002/M-21-237, AND E002/CI-17-401.

and system feasibility study; improved average service reliability index for those customers that have interconnected a distributed renewable energy generation device to the utility's distribution system and are lawfully taking service under an applicable tariff; offering a variety of affordable rate options, including demand response, time of use rates for delivery and supply, real-time pricing rates for supply; comprehensive and predictable net metering, and maximizing the benefits of grid modernization and clean energy for ratepayers; and improving customer access to utility system information according to consumer demand and interest.[6]

As was discussed during the workshops, we regard participation levels in voluntary programs as a difficult metric to apply, especially when setting performance incentives. However, we do believe that it would be possible to establish an indexed metric that measures whether the utilities are hitting delivery dates on key milestones for different types of interconnection applications (existing and proposed interconnection rules under Parts 466 and 467 establish different deadlines for different types of applications at different stages of the application process).

In addition to timeliness, during the course of the currently pending rulemaking process, much concern has been expressed over the cost-effectiveness of utility interconnections. We urge the Commission to require greater transparency over interconnection studies and distribution facilities upgrade costs through tracking metrics.

Conclusion

Thank you again for providing the opportunity to comment on this important initiative, we look forward to continuing to participate in the process.

Sincerely,

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Vote Solar

[6] 220 ILCS 5/16-108.18(e)(2)(A)(iv)